



KALYANI

**KALYANI FORGE LTD
HIGHLIGHTS**

(Rupees in Million)

PARTICULARS	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
TURNOVER	2793.06	2617.3	1812.88	1857.92	2173.74	2100.73	1726.04	1508.46
PROFIT BEFORE INTEREST DEPRECIATION AND TAX	400.06	275.06	214.29	163.06	266.75	258.81	229.92	209.13
INTEREST	82.70	61.9	49.8	51.98	35.29	18.63	10.19	2.95
DEPRECIATION	118.87	111.71	105.12	90.86	83.43	72.09	57.05	47.85
PROFIT BEFORE TAX	198.49	101.45	59.37	20.22	148.03	168.09	162.68	158.33
PROVISION FOR TAX	66.18	33.74	20.23	11.84	53.85	57.61	59.27	55.40
PROFIT AFTER TAX	132.31	67.71	39.13	8.381	94.18	110.48	103.41	102.93
DIVIDEND %	25	20	18	12	22	22	22	22
DIVIDEND AMOUNT	9.10	7.28	6.55	4.37	8	8	8	7.28
GROSS BLOCK	1786.99	1679.91	1562.64	1370.42	1223.71	1116.88	858.79	732.46
NET BLOCK	814.27	823.05	814.10	724.23	668.24	634.99	449.00	378.59
NET WORTH	913.07	789.51	733.50	708.07	715.69	644.29	543.40	449.37
BOOK VALUE PER SHARE (RS.)	250.98	217.02	201.62	194.63	196.73	177.10	149.37	123.52
EARNINGS PER SHARE (RS)	36.87	17.72	9.10	2.57	25.92	30.31	28.35	28.28
SHAREHOLDERS (NO'S)	3248	3428	3352	3522	3412	3056	3060	3711
NO OF EMPLOYEES (NO'S)	1289	1352	1172	1015	1414	1572	1285	1168



KALYANI FORGE LIMITED

BANKERS:

State Bank of India,
Bank of Maharashtra,
IDBI Bank Ltd.
Citi Bank NA,
HDFC Bank Ltd.

SOLICITORS & ADVOCATES :

Karnik & Karnik
Pune

AUDITORS :

M/S. P. G. Bhagwat
Chartered Accountants,
Pune.

AVP- FINANCE

Mr. AVINASH KHARE

COMPANY SECRETARY

Mr. NIRNOY SUR

REGISTERED OFFICE:

Shangrila Gardens, 'C' Wing, 1st Floor,
Opp. Bund Garden,
Pune-411 001.
Tel. +91 2137 252335, 252755
Fax +91 2137 252344
Website: www.kalyaniforge.co.in

WORKS:

1. Hot Forging Division (HFD)
Metal Forms Division (MFD)
Koregaon Bhima, Tal. : Shirur,
District: Pune 412 216.
2. Precision Autocomp Division (PAD)
Gat No. 914/1 & 2, Sanaswadi
Tal. : Shirur, District: Pune 412 208.



BOARD OF DIRECTORS



Dr. NEELKANTH A. KALYANI
(Chairman)



Mrs. ROHINI G. KALYANI
(Vice Chairperson and
Managing Director)



Mr. A. R. JAMENIS



Mr. G. N. KALYANI



Mr. UMESH R. LAHOTI



Mr. PRADIP P. NADKARNI



Mr. C. H. NANIWADEKAR



Mr. S. RAVINDRAN



KALYANI FORGE LIMITED
Regd. Office : Shangrila Gardens, "C" Wing,
1st floor, Opposite Bund Garden, Pune 411 001

NOTICE

NOTICE is hereby given that the Thirty-Three Annual General Meeting of the Members of KALYANI FORGE LIMITED will be held at Poona Club Ltd., 6, Bund Garden Road, Pune-411 001 on Saturday, the 21st day of July, 2012 at 11.00 a.m., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012, Profit & Loss Account for the year ended 31st March, 2012 and reports of the Board of Directors and Auditors thereon;
2. To declare dividend on equity shares;
3. To appoint a Director in place of Mr. G N Kalyani who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Mr. S Ravindran, who retires by rotation and being eligible, offers himself for re-appointment;
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT the Company's retiring auditors, M/s P.G.Bhagwat, Chartered Accountants of Pune (Firm Registration No.-101118W), be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and are hereby authorized to fix their remuneration for the said period."

By Order of the Board of Directors
For Kalyani Forge Ltd.,

Pune
25th May, 2012

Nirnoy Sur
Company Secretary

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective, must be deposited with the Company at its Registered Office not less than 48 hours before the time fixed for holding the Annual General Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 14th day of July, 2012, to Saturday, the 21st day of July, 2012, both days inclusive.
4. Members are requested to:
 - a) intimate any change in their address to the Company's Registrar and Share Transfer agents, Link Intime India Pvt. Ltd, Block No.202, Second Floor, Akshay Complex, Off.Dhole Patil Road, Near Ganesh Mandir, Pune - 411 001 in case of those who are holding in physical form , in case of electronic holders the same has to be sent to respective DP.
 - b) Quote client ID and DP ID numbers in respect of shares held in dematerialization form and ledger folio number in respect of shares in physical form in all correspondence.
5. Members/ Proxies are requested to bring Annual Report and attendance slip duly filled in.
6. Corporate members intending to send their authorized representative to attend meeting are requested to send a certified true copy of Board Resolution authorizing their representatives to attend and vote on their behalf at the Annual General Meeting.
7. Members holding equity shares in multiple folios in the identical order of names are requested to consolidate their holding into one folio.
8. Members desirous of getting any information concerning the accounts or operation of the Company, are requested to address their queries to the Company Secretary at least ten days in advance of the Annual General Meeting so that the information required can be made available at the meeting to the extent possible.
9. The dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid on or after 21st July, 2012 to those persons or their mandate:
 - a) Whose names appear as Beneficial Owners as at the end of the business hours on 14th July, 2012 in the list of Beneficial Owners to be furnished by NSDL and CDSL in respect of the shares held in electronic form; and
 - b) Whose names appear as members in the register of members of the Company after giving effect to valid share transfers in physical form lodged with the Company /Registrar and Share Transfer Agents on or before 21st July, 2012.
10. Members holding shares in dematerialized form are requested to intimate any change in their address/name, bank details, ECS Mandates, nominations, power of attorney, etc. to their respective DPs only.
11. Members holding shares in physical form are requested to intimate any change in address, bank details, etc. to the Company's Registrar and Share Transfer Agents:

Link Intime India Pvt. Ltd,
Block No.202, Second Floor,
Akshay Complex
Off.Dhole Patil Road,
Near Ganesh Mandir,
Pune - 411 001.

Telephone - (020) 2605 1629 Fax - (020) 2605 3503
E-mail :pune@linkintime.co.in

12. Equity Shareholders who have not dematerialized are advised to dematerialize their shareholding, to avoid inconvenience in future and to reap benefits of de-materialization.



13. In order to provide better service to the Shareholders, the Company has introduced, in the year 2005, Electronic Clearing Service (ECS) for payments of dividend. Shareholders desirous of availing ECS facility may provide the required information to our Registrar and Transfer Agents.
14. Documents referred to in any of the items of the Notice are available for inspection at the Registered Office address of the Company on any working day, up to the 21st July, 2012, during business hours of the Company.
15. Unclaimed Dividends:

The details of dividend paid by the Company and their respective due dates of the proposed transfer to such Fund of the Central Government if they remain unencashed are as under:

Dividend for the year	Date of declaration of Dividened	Dividend Rs. Per share	Due date of the proposed transfer to the Central Government
2004-05	21-Sep-2005	2.00	20-Sep-2012
2005-06	12-Sep-2006	2.20	11-Nov-2013
2006-07	22-Sep-2007	2.20	21-Sep-2014
2007-08	20-Sep-2008	2.20	19-Sep-2015
2008-09	18-Jul-2009	1.20	17-Jul-2016
2009-10	17-Jul-2010	1.80	16-Jul-2017
2010-11	23-Jul-2011	2.00	22-Jul-2018

It may please be noted that no claim will lie from a member once the transfer is made to the credit of Investor Education and Protection Fund of the Central Government, under the amended provisions of Section 205(C) of the Companies Act, 1956.

In view of the regulation, the shareholders are advised to send the entire unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

- 16. Sending the annual report on E-mail of shareholders is allowed and thus you are requested to send your e mail ID if you want the annual report to be sent on e-mail. If you choose to receive the annual report on your e-mail then no separate annual report would be sent to you by post.**

It would be your responsibility to report any changes in the e-mail ID that you have registered with us or your decision to receive the annual report by post instead. Any member may insist for physical copies of the annual report and the same would be sent to him free of cost.

By Order of the Board of Directors
For Kalyani Forge Ltd.,

Pune
25th May, 2012

Nirnoy Sur
Company Secretary

Regd. Off.
Shangrila Gardens,
'C' Wing, 1st Floor,
Opp. Bund Garden,
Pune-411 001.



DIRECTORS' REPORT

For the year ended 31st March, 2012

To
The Members,

The Directors have pleasure in presenting their 33rd Annual Report on the business and operations of the Company together with audited statement of accounts for the year ended 31st March, 2012.

1. FINANCIAL RESULTS:

(Rs.Millions)

Particulars	Financial Year	
	(2011-12)	(2010-11)
Total Income	2793.06	2617.30
Gross Profit before depreciation	317.35	213.11
Profit after depreciation	198.49	101.40
Profit After Tax	134.13	64.46
Balance of profit from previous year	614.74	563.63
Profit available for appropriation	748.87	628.09
Less : Transfer to General Reserve	13.41	4.9
Less : Proposed Dividend on Equity Capital	9.10	7.3
Less : Tax on above Dividend	1.48	1.18
Surplus retained in Profit and Loss A/c	724.88	614.7

2. DIVIDEND:

Your Directors recommend dividend of Rs. 2.50 per equity share of Rs.10 each (25%) for the year ended 31st March,2012.

3. PERFORMANCE REVIEW:

We are happy to report excellent working results for the year under review. After providing for depreciation, the profit for the year is Rs 134,134,011 This has been possible because of efficient management of various functions leading to increase in productivity and volume in operations. The fine performance of the Company during the last three years has set the tone for further expansion of the company's operations.

4. DIRECTORS:

During the year under review, there is no change in the composition of the Board of Directors of the Company.

Pursuant to Section 256 of the Companies Act, 1956 read with articles 160,161 of Articles of Association of the Company, Mr. G N Kalyani and Mr. S Ravindran, Directors retire by rotation and are eligible for re-appointment at the ensuing Annual General Meeting.

The brief profile of the Directors seeking re-appointment, forms part of the Corporate Governance Report.

5. TRANSFER TO GENERAL RESERVE:

During the year a sum of Rs 13,410,000 has been transferred to the General Reserve Account.

6. AUDITORS:

The Auditors of the Company M/s.P.G. Bhagwat, Chartered Accountants, Pune, who retire at the ensuing Annual General Meeting and are eligible for reappointment. They have confirmed their eligibility under



Section 224 of the Companies Act, 1956 for reappointment as Auditors of the Company.

7. AUDITORS' REPORT:

The observations made in the Auditors' Report, read together with the relevant notes thereon, are self explanatory and hence does not call for any comments under Section 217(3) of the Companies Act, 1956.

8. DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- i) that in the preparation of the annual accounts for the Financial Year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) that the Directors have selected such accounting policies and applied them consistently and judgments and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2012, and of the profit of the Company for the year ended on that date;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv) that the annual accounts have been prepared on a going concern basis.

9. CORPORATE GOVERNANCE:

As per Clause 49 of the Listing Agreement with the Stock exchanges, a separate section on corporate governance practice followed by the Company, together with a certificate from the Company's Auditors confirming compliance, is set out in the annexure forming part of this report.

10. PARTICULARS OF EMPLOYEES:

There is no employee whose particulars are required to be given under section 217(2A) (a) of the Companies Act 1956 read with Notification dated 31st March, 2011 by Ministry of Corporate Affairs.

11. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 are given in Annexure I to the Directors' Report.

12. APPOINTMENT OF COST AUDITOR

Mr. S C Jog, a Practicing Cost Accountant was appointed as Cost Auditor with the approval of Government of India to conduct cost audit of the accounts of the Company relating to for the year ended 31st March, 2012 pursuant to Section 233B of the Companies Act, 1956.

13. NOTES ON TAXATION

In the opinion of Directors, the provision for Income –Tax is sufficient to meet Income Tax demands. Shortfall, if any, will be met, if necessary, out of reserves.

14. RESEARCH & DEVELOPMENT

As part of KFL's overall strategy, throughout the year the Company remained focused on developing value added products for all market segments. R & D activities also focused on process cost reductions through increased yields.

Details of the R & D Activities undertaken are enumerated in Annexure I to this report.



15. APPRECIATION:

Your Directors would like to thank to the Bankers, Central and State Government, Stock Exchanges, other Regulatory Agencies, Investors, Shareholder and Employees of the Company and wish to acknowledge and place on record their sincere appreciation for the continuous excellent support given by them to the Company and their confidence in its management. Industrial relations continued to be cordial and peaceful.

For and on behalf of the Board of Directors

Pune
25th May, 2012

Rohini G. Kalyani
Vice Chairperson & Managing Director

**ANNEXURE - I TO THE DIRECTORS' REPORT:**

Information as per Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March, 2012.

A) CONSERVATION OF ENERGY:

- a. The company is striving continuously to conserve energy by adopting innovative measures to reduce wastage and achieve optimum utilization of energy. As a result of these measures company has earned substantial amount of Power factor incentive from MSEB which has resulted in reduction of power cost.
- b. Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified

Sr No	Description	2011-12	2010-2011
1)	Power And Fuel Consumption		
I)	Electricity		
	a) Purchased Units (KWH)	28698913	28112760
	Total Amount (Rs)	182,047,732.00	157,224,030.00
	Rate/Unit (Rs)	6.35	5.60
	B) Own Generation		
	I) Through Diesel Generator (KWH)	326784	16744
	II) Through Steam Generator	-	-
		-	-
II)	Coal		
III)	Fuel Oil (LDO+Fuel Oil)		
	Quantity (Ltrs)	1514440	1289512
	Total Amount (Rs)	56,138,420.00	52,871,647.00
	Average Rate /Litre (Rs.)- LDO	52.71	41.62
2)	Consumption Per Unit Of Production		
	Product : High Quality Closed Tolerance Die Forgings		
	UNIT : M.T.	17,382.00	17623.00
	ELECTRICITY (KWH)	1,651.17	1595.00
	FUEL OIL(KL/TON)	0.09	0.07
	COAL	NIL	NIL

*We could maintain total cost with percentage in use in costs of LDO and Furnace oil

B) TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form-B of the Annexure to the Rules:

- i) Specific areas in which R&D was carried out by the Company
- a) The focus of the company's R&D efforts was on the following areas:
- 1) Development of new innovative technology for the manufacture of existing dies, machined components and their intermediates.
 - 2) Development of new products both in the area of Forging as well as Machined components especially for Export.
 - 3) Development of in-house Mechanical Testing Facility for process improvements and to satisfy the customer requirements
 - 4) Development of methods to improve safety procedures, effluent control, pollution control etc.



- 5) During the year 2011-12 company's engineering team developed variety of products as per the specific requirements from customer.

Some of the significant Customer wise products are as below:

- 1) Connecting Rods for TML, Avtec (Diesel and Petrol), Kirloskar Oil Engines Ltd., Mahindra and Mahindra Ltd., VST Tiller, TATA Cummins, Volvo Eicher, Daimler.
 - 2) Crank Shafts for Honda Siel.
 - 3) Balance weight for Kirloskar Oil Engines Ltd.
 - 4) Body Injector for UCAL
 - 5) Gear for VCST.
 - 6) Bell forgings for GKN driveline
 - 7) Yoke injector for Volvo.
- 6) Research and Development is being continued to achieve optimum utilization of resources with quality output.

ii). Benefits derived as a result of above R&D:

- a) Successful commercial scale up of forged and machined parts.
- b) Competitive quality and increased productivity in both forged and machined components
- c) Improved process technology to achieve competitive advantage in the business

iii). Future Plan of Action:

- 1) The company will continue its Research and Development efforts in the various areas indicated above.

iv). Expenditure on R & D:

	(Rs.in Million)
i) Capital	2.800
ii) Recurring	3.774
iii) Total	<u>6.574</u>
iv) Total R & D expenditure as a Percentage of total turnover	<u>0.24%</u>

v). Technology Absorption, Adaptation and Innovation:

Having completed adoption of fracture split technology, the Company is now moving towards adoption of technology for critical automotive connecting rods for the overseas markets where the accuracies required in weight involved are higher. Through In-house Research and development activities company has developed Outer race forgings for Driveline assemblies, with internal tracks by Warm and cold forging method.

C) FOREIGN EXCHANGE USED AND EARNED:

	(Rs in Million)
Used	51.18
Earned	631.41

For and on behalf of the Board of Directors

Pune
25th May, 2012

Rohini G. Kalyani
Vice Chairperson & Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS

A) Economic Scenario and Industry Structure :

Indian forging industry has emerged as a major contributor to the manufacturing sector of the Indian Economy. The industry was previously more labour intensive (it is estimated that this industry provides direct employment to about 38000 people), but now with increasing globalization it is becoming more capital intensive. The total investment in the large and medium sectors is estimated to be around US\$600 million. The small scale units too are increasing their capital investment to keep pace with the increasing demand especially in the global markets as also to broaden the areas of demand for forgings. Many of them are now suppliers to Original Equipment Manufacturers (OEMs) in the automobile sector also, which speaks volumes about efforts at technology and quality up gradation.

While the automotive industry is the main customer for forgings, Kalyani Forge is in continuous efforts in upgrading technologies and diversifying product range have enabled it to expand our base of customers to foreign markets. Your Company is increasingly addressing opportunities arising out of the growing trend among global automotive OEMs to outsource components from manufacturers in low-cost countries. As a result, Indian forging industry has been making significant contributions to country's growing exports.

B) Opportunities & Threats:

During the year 2011-12 Kalyani Forge Ltd had systematically identified and implemented cost reduction measures. All those components which were contributing very low for profitability where the value addition per kg of input/finish weight are lower are identified and requested the customers to increase the price and where ever we could not get the required price, we requested them to find an alternative for those components.

User industries are also reluctant to increase prices across the board. The industry is not fully compensated for increase in conversion cost on account of steep increases in power, fuel etc.

The future however looks encouraging for the forging industry in terms of the expected surge in global demand. As a result of liberalisation, more MNCs have entered the domestic automobile market. This has opened up more business opportunities for the Kalyani Forge.

In addition, increasing cost of other inputs like petroleum products, power implementation of stringent environment pollution norms etc., are challenges that the KFL had to face.

C) Outlook :

The fortunes of your Company are on a rise - it has consistently recorded a notable increase in production, capacity utilisation and exports. Among the various segments of the forging business, it is the auto-mobile related segment that is being talked about the most these days. The KFL's fortunes are closely linked to that of the automotive industry, which at the moment, is doing extremely well in the country. The other significant driver for this sector is outsourcing and it is an indication that the industry's potential is being recognized world over. Global automotive giants are looking at India as a competent supply base and are shopping for their components here. Moreover, your Company has been making their mark globally. What is also remarkable is that these companies have even been acquiring companies abroad. In addition to the big players, the industry offers enough opportunities to small and medium size enterprises as well - they form a large part of this industry.

KFL has therefore a tremendously bright future. India is definitely emerging as a globally competitive supply base and if companies upgrade their technology levels and modernise themselves, we think there is no limit to that can be achieved in terms of growth.

D) New Business Development :

Traditionally, Automotive Industries grow with launch of new vehicles periodically and Tier I Companies growth is critically dependent on the ability to develop and launch new products on time to the OEMs. Over the last 3 decades, Kalyani Forge has developed and sustained this capability. In the year 2012-13, revenue on account of new products will be more than 20% of total revenue. Organizationally, Kalyani Forge has recently aligned itself to ensure that enhanced focus is given to both business development and new product launches. We are specializing in the forging and machining of Connecting rods.

**E) Risks and Concerns:**

One of the key risks we are facing is related to attrition and retention of talent, both at working level and at managerial level. Being a Technology Company, hiring and retaining top-notch talent is a key to continued success of our Organization.

The other major concern continues to be rise in prices of commodities, notably in the case of iron and steel. The competitive nature of the market for most of the company's products continues to limit the opportunity for increasing prices to fully compensate for the rise in input costs.

Apart from the risk associated with the volatility in raw material prices KFL is also exposed to other general risks related to volatility in Foreign Exchange rates, change in taxation structures, increase in interest rates, natural/man made disasters, and political risks.

F) Internal Controls and Adequacy:

We believe that KFL has adequately robust internal control systems in place. These are supported by an active internal audit function that conducts an internal check on a regular basis and also reviews business processes and accounting methodologies to improve the control system.

G) Financial and Operational Performance :

During the year Company produced 17382 MT of forging as against 12882MT of year 2010-11. Machined components and RA tubes production during the year was 2304626 No's and 43255 No's respectively as against 2147644 No's and 30238 No's respectively of year 2010-11. In the Financial year under review Sale of machined components and RA tubes increased by 35% and 56% respectively as compared to year 2010-11. During the year 2011-12 Company focused its strategy of adding New customers and development of new products.

For successfully implementing Cost control Strategy Aggressive cost cutting measures had instituted leading to overall increase in productivity of all the resources particularly of Raw material and labor.

H) Manpower Development in HR and Industrial relations:

Nurturing and developing human resource has been a major source of creating competitive advantage at Kalyani Forge. Over the years Company has maintained consistency in its efforts in training and developing its human resource with a view to face the competition.

Industrial relations continued to remain peaceful throughout the year and there was a satisfactory of co-operation between the management and the workers in working towards the overall objectives of the Company.

I) Corporate Social Responsibility :

As a part of its corporate responsibility to the society, your Company has been supporting and providing assistance to nearby villages by providing books and other stationery, providing clean drinking water facility, sharing knowledge and experience with students by the Company employees, giving donations to NGOs for upliftment of unprivileged communities.

J) Cautionary Statements :

Statements in the management discussions and analysis section describing company's projections, estimations, expectation and predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from the expressed or implied. Important factors that would make a difference to the company's operations include demand supply conditions, raw material prices, changes in government regulations, tax regimes, competition, economic developments within and outside the country, etc.

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to clause 49 of the Listing Agreement)

MANDATORY REQUIREMENTS**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company's philosophy of Corporate Governance aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner and provide the guidelines as to how the company can be directed or controlled such that it can fulfill its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term.

2. BOARD OF DIRECTORS:

a. As on 31st March 2012, the strength of the Board of Directors was Eight Directors, comprising of seven non executive Directors. Five out of eight Directors were independent Directors, which duly complies with the requirement of clause 49 of the Listing Agreement.

b. NUMBER OF BOARD MEETINGS

During the year under review, four Board meetings held on 30th May, 2011, 5th August, 2011, 10th November, 2011, 24th January, 2012.

c. DIRECTORS ATTENDANCE RECORD AND DIRECTORSHIPS HELD

The information on composition and category of the Board of directors as on 31st March 2012, attendance of each Director at Board Meetings held during the financial year 2011-12 and the Annual General Meeting held on 23rd July, 2011, Directorship and committee positions in other public limited companies of which the Director is a member/Chairman is as follows

Name	Category	Number of Board Meetings held during the year 2011-12		Whether attended last AGM	No. of Directorship in other Public Ltd. Companies	Committee positions held in other Public Limited Companies	
		Held	Attended			Member	Chairman
Dr. N. A. Kalyani	Promoter and Chairman, Non Executive	4	0	No	--	--	--
Mrs. R. G. Kalyani	Vice Chairperson & Managing Director	4	4	Yes	-	--	--
Mr. G. N. Kalyani	Non Executive Director	4	4	Yes	-	--	--
Mr. U. R. Lahoti	Non Executive & Independent Director	4	-	No	7	2	--
Mr. C. H. Naniwadekar	Non Executive & Independent Director	4	4	Yes	1	--	--



Name	Category	Number of Board Meetings held during the year 2009-10		Whether attended last AGM	No. of Directorship in other Public Ltd. Companies	*Committee positions held in other Public Limited Companies	
		Held	Attended			Member	Chairman
Mr. Pradip Nadkarni	Non Executive & Independent Director	4	4	Yes	--	--	--
Mr. A. R. Jamenis	Non Executive & Independent Director	4	4	Yes	1	2	--
Mr. S. Ravindran	Non Executive & Independent Director	4	3	Yes	--	--	--

* None of the Directors on the Board is a member on more than ten committees and Chairman of more than five committees across all the Companies in which they are Directors. Only two Committees i.e. the Audit Committee and Investors Grievance Committee are considered for this purpose.

d) Code of Conduct

The Board of Kalyani Forge Limited has laid down a Code of Conduct for all Board Members and Senior Management personnel of the Company. The Code of Conduct is available on the website of the Company, www.kalyaniforge.co.in. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct and the Managing Director has confirmed the same.

e) Particulars of Appointment / Re-appointment of Non-Executive Executive Directors

Mr. G N Kalyani

Born on 31st August, 1954, Mr. Gaurishankar N. Kalyani is Non-Executive Director of Kalyani Forge Ltd. He is a Honours Commerce Graduate. Besides being a Director in Kalyani Forge Limited since 26.04.2003, he is also a Director in host of Private Limited Companies. He is a son to Dr. N A Kalyani Chairman and husband to Mrs. Rohini G Kalyani, Vice Chairperson & Managing Director.

He holds 47020 Equity Shares in the Company.

Mr. S Ravindran

Mr. S. Ravindran is Non-Executive Independent Director of the Kalyani Forge Ltd., since January 31, 2009. He has done Bachelor of Engineering (Mechanical) from University of Madras and PGDM from Indian Institute of Management, Ahmedabad. He has a total experience of 38 years both in Government as well as Private Sector. Mr. Ravindran joined Indian Railways as a Class I Officer, competing in the Union Public Service Examination in 1971. After completing 10 years of service, he joined the Private Sector in the Automobile sector and has ever since for the last 27 years been with the same. His last three assignments have been as CEO of TATA Johnson Control (1996 to 2000), Managing Director (India Operations) of GKN Driveline (2000 to 2002) and later as Director (Operations) of GKN Asia Pacific Region Ltd. at Singapore. His last assignment was Managing Director of Mahindra Forgings, Pune. He has varied experience in Operations, Logistics and Profit Centre Management.

He holds 4391 Equity Shares in the Company.

3. AUDIT COMMITTEE:

The Audit Committee of the Company has been constituted in line with the provisions of clause 49 of the Listing Agreement.



The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures, transparency, integrity and quality of financial reporting.

The Audit Committee comprise of four members all of which are Non-Executive Independent Directors.

Mr. C.H. Naniwadekar is the Chairman of the Audit Committee.

Mr.Nirnoy Sur, Company Secretary is the Secretary to the committee.

Terms of reference to Audit Committee cover the matters specified under clause 49 of the Listing Agreement with the Stock Exchanges.

a) Composition and attendance at Audit Committee meeting:

During the year under review four Audit Committee meetings were held on 30th May, 2011, 05th August, 2011, 10th November, 2011 and 24th January, 2012.

The composition of the Audit Committee as on 31st March, 2012 and attendance of members in the meetings held during the financial year 2011-12 are as under:

Name of the Member	Category	No. of meetings attended
Mr.C.H.Naniwadekar(Chairman)	Non Executive & Independent Director	4
Mr. Pradip Nadkarni	Non Executive & Independent Director	4
Mr. A. R. Jamenis	Non Executive & Independent Director	4
Mr. S. Ravindran	Non Executive & Independent Director	3

4. REMUNERATION COMMITTEE:

The purpose of the Remuneration Committee of the Board is to discharge the Board's responsibilities relating to compensation of the Company's Executive Directors. The committee has overall responsibility for approving and evaluating the Executive Directors compensation plans, policies and programmes.

The Committee consists of four Non-Executive Independent Directors.

Mr. C.H. Naniwadekar is the Chairman of the Remuneration Committee.

a) *Composition of Remuneration Committee:

Name of the Director	Category
Mr.C.H.Naniwadekar(Chairman)	Non Executive & Independent Director
Mr. A. R. Jamenis	Non Executive & Independent Director
Mr. Pradip Nadkarni	Non Executive & Independent Director
Mr. S. Ravindran	Non Executive & Independent Director

*Composition of Remuneration Committee was reconstituted w.e.f. 26th May, 2010

b) Meetings of Remuneration Committee :

During the year under review one meeting held on remuneration committee.

c) Remuneration Policy :

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

d) Remuneration to Directors :

The Company pays remuneration by way of salary, perquisites, allowances and commission to its Vice Chairperson and Managing Director. The Commission to the Vice Chairperson and Managing Director is decided by the Remuneration Committee, in their meeting held on 22nd January, 2010 and approved by



the Members at their meeting held on 17th July, 2010.

The details of remuneration paid to Directors of the Company during the financial year 2011-2012 as under:

(Amount in Rupees)

Name of the Director	Sitting fees including fees for Committee Meetings	Salaries & Perks	Commission	Total Amount
Dr. N. A. Kalyani	-	-	-	-
Mrs. R.G. Kalyani	-	24,42,636	80,00,000	1,04,42,636
Mr. G. N. Kalyani	28,000	-	1,60,000	1,88,000
Mr. U. R. Lahoti	-	-	-	-
Mr. C.H.Naniwadekar	38,000	-	1,60,000	1,98,000
Mr. Pradip Nadkarni	38,000	-	1,60,000	1,98,000
Mr. A. R. Jamenis	30,000	-	1,60,000	1,90,000
Mr. S.Ravindran	22,500	-	1,20,000	1,42,500

The remuneration to the Vice Chairperson and Managing Director is within the ceiling prescribed under the provision of the Companies Act, 1956.

All Non-Executive Directors of the Company receive sitting fees for each meeting of Board and Committee thereof attended by them. The net profits of the Company, not exceeding 1% are distributable as commission, amongst the Non-Executive Directors considering the special services and efforts rendered by them and attendance to the Board Meeting. Other than sitting fees and commission on the net profits of the Company, no other remuneration is paid to the Non-Executive Directors during the financial year.

Your Company presently does not have performance linked incentives for its Directors. No severance fee is payable.

5. Share Transfer cum Shareholders'/ Investors' Grievance Committee:

Share Transfer cum Shareholders'/ Investors' Grievance Committee was constituted looks into redressal of Shareholders and Investors' Complaint and matters-non receipt of annual report, non receipt of dividend and to look into matters that can facilitate better services and relations.

The committee consists of three Non-Executive Independent Directors.

Mr. G.N. Kalyani is the Chairman of the committee.

a) Composition and attendance at the Shareholders'/ Investors' Grievance Committee:

Name of the Director	Category
Mr. G.N. Kalyani (Chairman)	Non Executive Director
Mr. Pradip Nadkarni	Non Executive & Independent Director
Mr. C.H.Naniwadekar	Non Executive & Independent Director

*Composition of Share Transfer cum Shareholders'/ Investors' Grievance Committee was reconstituted w.e.f. 26th May, 2010

b) Meetings of Share Transfer cum Shareholders'/ Investors' Grievance Committee

During the financial year 2011-12, there were 4 meetings held on 23rd May, 2011, 30th September, 2011, 15th August, 2011, 31st December, 2011.



The Company has received 02 Complaints during the year and all of them were resolved. There were no pending share transfer and complaints as on 31st March, 2012.

6. DETAILS OF THE ANNUAL GENERAL MEETINGS:

The details of previous three annual general meetings of the Company are as follows:

Financial Year	Date and Time	Venue	Special Resolutions passed
2008-09	18 th July, 2009 at 11.30 a.m.	Poona Club Ltd., Camp Pune- 411 001	-
2009-10	17 th July, 2010 at 11.00 a.m.	Poona Club Ltd., Camp Pune- 411 001	1
2010-11	23 rd July, 2011 at 11.00 a.m.	Poona Club Ltd., Camp Pune- 411 001	1

During the financial year under review, no resolutions have been passed by postal ballot.

7. DISCLOSURES :

a) Materially Significant Related Party Transactions :

All related party transactions form part of the notes to the Balance Sheet. Saving those, there were no materially significant related party transactions with Company's promoters, directors or its management, their subsidiaries or relatives, etc. that had a potential conflict with the interest of the Company. The register of contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

b) Accounting Treatment

No treatment different from that prescribed in an Accounting Standards has been followed by the Company.

c) Statutory Compliance, Strictures and Penalties

The Company has complied with rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India and other statutory authority relating to capital market.

No penalties and/or strictures have been imposed on the Company by any Stock Exchange or SEBI or statutory authority during the last three years.

8. MEANS OF COMMUNICATION :

Quarterly and Half-yearly results are published in one of the renowned English and Marathi dailies, published from Pune. The results are also prominently updated in Company's website, www.kalyaniforge.co.in. There is hardly any official news required to be released on website or even in Press.

9. GENERAL SHAREHOLDER INFORMATION

a) AGM Information and Financial Year :

Day, Date and Time of AGM	:	Saturday, 21 st July 2012 at 11.00 a.m.
Venue	:	Poona Club Ltd., Camp, Pune-411 001
Financial Year	:	1 st April, 2011 to 31 st March, 2012
Date of Book Closure	:	14 th July, 2012 to 21 st July, 2012 (both days inclusive)
Dividend Payment Date	:	On and after 21 st July, 2012



b) Listing on Stock Exchanges and Scrip Code :

The Company's shares have been listed on the following exchanges:

- I. National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051
NSE Code: KALYANIFRG
- II. Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001
Scrip Code BSE Code: 513509

Annual listing fees have been paid for the financial year 2012-13.

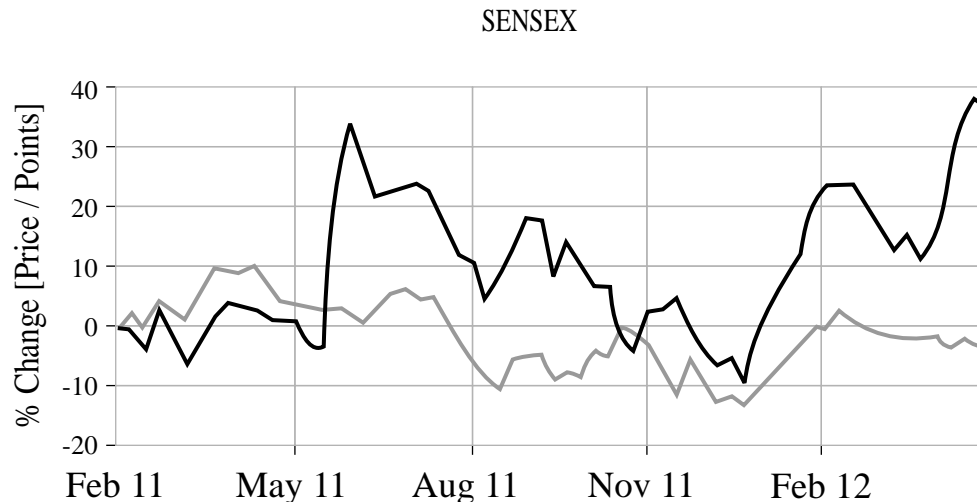
c) Market Price Data :

The monthly high and low quotations and volume of shares traded on BSE and NSE from 1st April, 2011 upto 31st March, 2012 is as follows:

Month	BSE		NSE	
	High(Rs)	Low(Rs)	High(Rs)	Low(Rs)
Apr-11	153.95	138.00	147.50	136.05
May-11	154.00	135.50	151.00	147.00
Jun-11	213.45	145.10	216.30	143.10
Jul-11	192.60	164.00	198.00	167.20
Aug-11	178.90	146.00	182.95	146.00
Sep-11	178.50	151.00	180.40	150.50
Oct-11	168.95	141.05	177.00	144.00
Nov-11	172.60	139.30	167.50	135.00
Dec-11	153.15	129.00	157.90	124.00
Jan-12	173.80	129.05	152.00	125.65
Feb-12	200.65	169.00	196.50	163.55
Mar-12	181.30	161.00	203.90	169.50

d) Performance in comparison to the Board-based Indices

Performance in comparison to BSE Sensex



**e) Registrar & Share Transfer Agent and Share Transfer System :**

Link Intime India Private Limited is the Registrar & Share Transfer Agent (RTA) of the Company in respect of the equity capital in demat and physical mode. They process share transfer and transmission on fortnightly basis. Their address is as follows:

Link Intime India Pvt. Ltd,
Block No.202, Second Floor,
Akshay Complex, Off.Dhole Patil Road,
Near Ganesh Mandir, Pune - 411 001.
Tel. /Fax – 020 2605 3503
E-mail:pune@linkintime.co.in

f) Share Transfer System:

Transfer in physical form has to be lodged with Registrar and Share Transfer Agents. All shares received for transfer were registered and dispatched within thirty days of receipts, if the documents were correct and valid in all respects. The time taken to process dematerialization of shares is ten days upon receipt of documents from Depository Participant.

g) Shareholding pattern as on 31st March, 2012:

Category	Number of Shares	Percentage (%)
Promoter and Promoter Group	2130646	58.57
Non Resident Indians	4072	0.11
Bodies Corporate	814786	22.40
Resident Indians	686362	18.87
Financial Institutions/Banks/Trust	600	0.01
Clearing Member	1534	0.04

Non Executive Directors Shareholding

Name	Number of Shares	Percentage (%)
G. N. Kalyani	47020	1.29
S.Ravindran	4391	0.12
Pradip Nadkarni	300	0.01

h) Distribution of Shareholding as on 31st March,2012 :

Shareholding Class(Rs.)	No. of Shareholders	Total Holding in Rupees	Percentage of Total Holders (%)	Percentage of Total Capital (%)
Up to 5000	3136	31,44,560	96.5517	8.6437
5001-10000	42	3,04,360	1.2931	0.8366
10001-20000	17	2,40,940	0.5234	0.6623
20001-30000	6	1,49,870	0.1847	0.4120
30001-40000	6	2,18,440	0.1847	0.6004
40001-50000	4	1,79,620	0.1232	0.4937
50001-100000	3	1,87,950	0.0924	0.5166
100001& above	34	319,54,260	1.0468	0.8347
Total	3248	363,80,000	100.00	100.00

i) Dematerialization of shares and liquidity:

Company's equity shares are being dealt with in dematerialized form and the ISIN is INE314G0104.

As on 31st March, 2012, 27,66,013 (76.03%) Number of Shares in demat form.

j) Outstanding GDR/Warrants or convertible bonds, conservation dates and likely impact on liquidity :

The Company has not issued any GDRs/ ADRs/ Warrants or other instruments, which are pending for conversion.



k) Plant Location:

Hot Forging Division (HFD) and Metal Forms Division (MFD)
Koregaon Bhima,
Tal: Shirur, Dist. Pune.
Pin - 412 216.

Precision Autocomp Division (PAD)
Gat No. 914/1 & 2, Sanaswadi,
Tal : Shirur, Dist: Pune,
Pin - 412 208

l) Financial Calendar of the Company relating to future immediate reporting:

The Financial year covers the period from 1st April 2012 to 31st March 2013.

Financial Reporting for:

Quarter ending 30 th June, 2012	Upto 15 th August, 2012
Half Year ending 30 th September, 2012	Upto 15 th November, 2012
Quarter ending 31 st December, 2012	Upto 15 th February, 2013
Year ending 31 st March, 2012	Upto 30 th May, 2013
Annual General Meeting for the year ended March 31, 2013.	July/August, 2013

m) Address for Correspondence

Registered Office :-

Kalyani Forge Limited
Shangrila Gardens, 'C' Wing, 1st Floor,
Opp. Bund Garden, Pune - 411 001
Tel. +91 2137 252335, 252755
Fax +91 2137 252344

Factory:-

Kalyani Forge Limited
Koregaon Bhima, Tal: Shirur
Dist.- Pune, Pin - 412 216
Phone : 02137-252335, 252755, 252757
Fax : 02137-252344, 252756

For effective and efficient Investor Grievance Management, the Company has dedicated E-mail Id investors@kforge.com, nirnoy.sur@kforge.com.

All communications related to non-receipt of Annual Report, Dividend Warrants, Share Certificates after transfer, etc. may be sent to the above mentioned e-mail address, as well as to the e-mail address of our Registrar and Share Transfer Agents, M/s. Link Intime India Pvt. Ltd, Pune, i.e., pune@linkintime.co.in

The Management Discussion & Analysis is annexed to the Directors Report, forming part of the Annual Report.

**VC&MD & CFO CERTIFICATION**

To,

The Board of Directors,

As required by sub clause V of the Clause 49 of the Listing Agreement entered with the stock exchanges, this is to certify that:

- A. We have reviewed Financial Statements and Cash Flow Statement for and up to the Quarter ended 31st March, 2012 and that to the best of our knowledge and belief:
 - I. These statements do not contain any material untrue statement of fact or omit to state any material fact or contain any statement that that might be misleading;
 - II. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct;
- C. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies;
- D. We have indicated to the auditors and the Audit Committee-
 - I. There are no significant changes in internal controls during the period;
 - II. There are no significant changes in accounting policies during the period and that the same have been disclosed; and
 - III. There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For Kalyani Forge Limited,

Pune
25th May, 2012

Rohini. G. Kalyani
Vice Chairperson & Managing Director

Avinash Khare
AVP- Finance

COMPLIANCE WITH THE CODE OF CONDUCT CERTIFICATE

As provided under clause 49 of the Listing Agreement entered with the stock exchanges, the board members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the financial year ended 31st March 2012.

For Kalyani Forge Ltd.,

Pune
25th May, 2012

Rohini G. Kalyani
Vice Chairperson & Managing Director



**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS
OF CORPORATE GOVERNANCE**

To,
THE MEMBERS OF
KALYANI FORGE LTD,
PUNE.

We have examined the compliance of conditions of Corporate Governance by Kalyani Forge Limited, for the year ended March 31st, 2012 as stipulated in Clause 49 of the Listing Agreements of the said company with the recognised stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of listing agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an opinion on the financial statements of the company.

In our opinion and to best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/S P. G. BHAGWAT
Chartered Accountants
Firm Reg. No. 101118W

Pune
Date-25th May 2012

Nachiket Deo
Partner
Membership No.117695



AUDITOR'S REPORT
AUDITOR'S REPORT TO THE MEMBERS OF KALYANI FORGE LIMITED

1. We have audited the attached balance sheet of KALYANI FORGE LIMITED as at 31st March, 2012 and the Statement of profit and loss and cash flow statement of the company for the period ended as on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
3. As required by the Companies (Auditor's Report) Order, 2003 [as amended by Companies (Auditor's Report) (Amendment) Order, 2004] issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books;
 - (iii) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (iv) In our opinion, the Balance Sheet, the statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of the written representations received from the directors as on 31st March 2012, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2012;
 - (b) in the case of the statement of Profit and Loss of the Profit for the year ended on that date;
 - (c) in the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

For M/S P. G. BHAGWAT
Chartered Accountants
Firm Reg. No. 101118W

Nachiket Deo
Partner
Membership No.117695

Pune
Date-25th May, 2012



ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

- (i) (a) The company has maintained proper records showing full particulars of fixed assets including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals with regard to size of the company and nature of its assets. Pursuant to the programme a portion of the fixed assets has been physically verified by the management during the year and no significant material discrepancies between the book records and physical inventory have been noticed.
- (c) According to the information & explanation given to us, the company has not disposed off major part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As informed to us, the discrepancies noticed on verification between physical stock and book records were not material.
- (iii) (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained as per section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b) (c) and (d) are not applicable to the company
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained as per section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (f) and (g) are not applicable to the company
- (iv) **In our opinion and according to the information and explanations given to us and the results of the internal audit, there are internal systems commensurate with the size of the company and the nature of its business for the purchase of the inventory, fixed assets and for the sale of the goods and services. However, the same are required to be strengthened in view of increasing complexities in the operating environment.**
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and
- (b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. five lakhs in respect of any party during the year have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) As informed to us, the Company has not accepted any deposit from public.
- (vii) On the basis of Internal Audit Reports broadly reviewed by us, we are of the opinion that the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax, service tax, custom duty, excise duty,



cess and other material statutory dues applicable to it.

According to information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31st March 2012 for a period of more than six months from the date they became payable.

- (b) According to information and explanation given to us, the particulars of dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of a dispute, are as follows:-

Name of the statute	Nature of dispute due	Period to which the amount related	Amount under dispute not deposited (Rs.)	Forum where the dispute pending
Income Tax	Disallowance of expenditure on expansion of project.	(AY) 1992-1993	6,95,976.00	High Court, Mumbai
	Disallowance u/s 80 (IB)	2004-2005	16,82,843.00	ITAT,Pune
	Disallowance of travelling expenditure and disallowance in respect of Stock difference.	2006-2007	15,88,820.00	ITAT,Pune
	Disallowance of dies cost, Loss on options settled, expenditure of exempted income, Stock difference, commission to directors etc.	2009-2010	70,68,150.00	CIT (A),Pune
Excise Duty	CENVAT credit on rejection from customer.	From 2000-01 to 2011-12	971424.00	High Court, Mumbai & Deputy Commissioner of Central Excise, Pune
	Interest demanded under rule 11AA.	2003-04	20,000.00	Tribunal
	CENVAT Credit on GTA	From 2004-05 to 2007-08	11,28,985.00	Additional Commissioner Pune
	Interest on Supplementary Invoices	From 2001-02 to 2004-05	4,25,113.00	High Court Mumbai

- (x) The Company has no accumulated losses as at 31st March, 2012. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) According to information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provision of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company has maintained proper records of transactions and contracts relating to dealing in shares, securities, debentures and other investments during the year and timely entries have been made therein. All the investments are held by the company in its own name except to the extent of the exemption granted under sec. 49 of the Act.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given



- any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion and according to information and explanations given to us, on overall basis the term loans have been applied for the purpose for which they were raised.
- (xvii) According to information and explanation given to us, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanation given to us, the company has not made any preferential allotment of any shares to parties and companies covered under Section 301 of the Companies Act, 1956.
- (xix) According to information and explanation given to us, the company has not issued any debentures. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) According to information and explanation given to us, the company has not made any public issue to raise money. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xxi) According to information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For M/S P. G. BHAGWAT
Chartered Accountants
Firm Reg. No. 101118W

Nachiket Deo
Partner
Membership No. 117695

Pune
Date-25th May 2012

**BALANCE SHEET AS AT 31ST MARCH 2012**

Particulars	Note No.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	1	36,390,000	36,390,000
(b) Reserves and surplus	2	876,679,016	753,115,445
		913,069,016	789,505,445
2. Non-current liabilities			
(a) Long-term borrowings	3	232,693,966	201,566,788
(b) Deferred tax liabilities (net)	4	53,892,073	57,059,757
		286,586,039	258,626,545
3. Current liabilities			
(a) Short-term borrowings	5	407,513,542	513,015,715
(b) Trade payables	6	332,265,063	427,015,946
(c) Other current liabilities	7	197,050,915	109,312,696
(d) Short-term provisions	8	32,001,336	19,973,846
		968,830,856	1,069,318,203
		2,168,485,911	2,117,450,193
TOTAL			
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
Tangible assets	9	814,273,897	823,054,778
Intangible assets	10	1,007,511	-
Capital work-in-progress		53,676,092	69,554,234
(b) Non-current investments	11	50,000	50,000
(c) Long-term loans and advances	12	68,807,375	77,169,287
(d) Other non-current assets	13	31,569,376	21,186,878
		969,384,251	991,015,177
2. Current assets			
(a) Inventories	14	329,506,423	315,435,651
(b) Trade receivables	15	625,580,898	618,620,361
(c) Cash and bank balances	16	102,823,440	31,156,995
(d) Short term loans and advances	17	84,912,604	108,765,771
(e) Other current assets	18	56,278,295	52,456,238
		1,199,101,660	1,126,435,016
		2,168,485,911	2,117,450,193
TOTAL			

Notes forming part of the financial statements 27

As per our attached report of even date

For and on behalf of the Board of Directors

For M/s P. G. BHAGWAT
Firm Registration No. 101118W
Chartered Accountants

ROHINI G. KALYANI
Vice Chairperson and Managing Director

NACHIKET DEO
Partner
Membership No. 117695
Pune : 25th May, 2012

NIRNOY SUR
Company Secretary
Pune : 25th May, 2012

C. H. NANIWADEKAR
Director
Pune : 25th May, 2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012**

Particulars	Note No.	2011-12 Rs.	2010-11 Rs.
I. Revenue from operations	19	2,780,657,302	2,358,998,611
II. Other Income	20	12,407,377	37,275,251
III. Total revenue (I + II)		2,793,064,679	2,396,273,862
IV. Expenses:			
(a) Cost of materials consumed	21	1,413,306,014	1,262,340,277
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(4,697,179)	(26,791,967)
(c) Employee benefits expense	23	244,243,422	242,021,007
(d) Finance costs	24	94,351,796	72,999,860
(e) Depreciation and amortization expense	25	118,867,341	111,715,174
(f) Other expenses	26	728,505,688	632,591,060
Total Expenses (a to f)		2,594,577,082	2,294,875,411
V. Profit before exceptional and extraordinary items and tax (III-IV)		198,487,597	101,398,451
VI. Exceptional items		-	-
VII. Profit before tax (V-VI)		198,487,597	101,398,451
VIII. Tax expense :		64,353,586	36,933,933
(a) Current tax		67,521,270	40,090,076
(i) For the year		69,300,000	36,850,000
(ii) For earlier year		(1,778,730)	3,240,076
(b) Deferred tax		(3,167,684)	(3,156,143)
IX. Profit (loss) for the period (VII-VIII)		134,134,011	64,464,518
XII. Earnings per equity share:			
(a) Basic		36.87	17.72
(b) Diluted		36.87	17.72

Notes forming part of the financial statements 27

As per our attached report of even date

For and On behalf of the Board of Directors

For M/s P. G. BHAGWAT
Firm Registration No. 101118W
Chartered Accountants

ROHINI G. KALYANI
Vice Chairperson and Managing Director

NACHIKET DEO
Partner
Membership No. 117695
Pune : 25th May, 2012

NIRNOY SUR
Company Secretary
Pune :25th May, 2012

C. H. NANIWADEKAR
Director
Pune :25th May, 2012

**CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2011-12**

Particulars	Rs.	Year Ended	Year Ended
		31st March, 2012	31st March, 2011
		Rs.	Rs.
A. CASH FROM OPERATING ACTIVITIES			
Profit before Taxation		198,487,597	101,398,451
Add: Depreciation	118,867,341		111,715,174
Loss on assets sold, discarded, scrapped	514,212		329,859
Debit balances written off	-		13,576,029
Provision for doubtful debts	1,391,402		5,081,374
Interest & finance charges	94,351,796		72,999,860
Wealth Tax(Included in Rates & Taxes)	45,600		49,700
		215,170,351	203,751,996
		413,657,948	305,150,447
Less: Dividend	6,000		6,000
Surplus on sale of assets during the year	112,975		622,221
Provision for doubtful debts written back	-		13,519,857
Provision no longer required	1,095,913		5,991,053
Income tax paid	62,197,140		13,555,907
		63,412,028	33,695,038
Cash from operating activities before working capital changes		350,245,920	271,455,409
(Increase)/Decrease in Current & Non-Current Assets:			
Inventories	(14,070,772)		(42,289,002)
Sundry Debtors	(5,732,439)		(164,639,992)
Other Current Assets and Loans & Advances	71,896,481		(45,189,444)
Increase/(Decrease) in Current & Non-Current Liabilities	(67,956,535)		103,306,757
		(15,863,265)	(148,811,681)
NET CASH FROM OPERATING ACTIVITIES		334,382,655	122,643,728
B. CASH FROM INVESTING ACTIVITIES			
Addition to Fixed Assets	(151,566,782)		(202,585,416)
Sale Proceeds of Assets	2,283,580		906,665
Dividend received	6,000		6,000
NET CASH FROM INVESTING ACTIVITIES		(149,277,202)	(201,672,751)
C. CASH FROM FINANCING ACTIVITIES			
Availment /(Repayment) in Cash Credit & PCFC from Banks	44,497,827		66,372,874
Availment /(Repayment)in Other Secured Loans	(50,592,120)		95,008,207
Availment /(Repayment) in Unsecured Loans	(8,580,700)		(17,525,030)
Interest & Finance Charges paid	(93,085,248)		(73,675,572)
Dividend paid	(8,481,304)		(7,696,697)
NET CASH FROM FINANCING ACTIVITIES		(116,241,545)	62,483,782
NET INCREASE/(USE) OF CASH AND CASH EQUIVALENTS		68,863,908	(16,545,241)
Opening Balances of Cash and Cash equivalents	Note No .16	15,513,093	32,058,334
Closing Balances of Cash and Cash equivalents	Note No .16	84,377,001	15,513,093

As per our attached report of even date
For M/s P. G. BHAGWAT

On behalf of the Board of Directors

Firm Registration No. 101118W
Chartered Accountants

ROHINI G. KALYANI
Vice Chairperson and Managing Director

NACHIKET DEO
Partner
Membership No. 117695
Pune : 25th May, 2012

NIRNOY SUR
Company Secretary
Pune :25th May, 2012

C. H. NANIWADEKAR
Director
Pune :25th May, 2012



Note nos. 1 to 27 annexed to and forming part of the Financial Statements for the year ended 31st March, 2012

Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
NOTE 1 : SHARE CAPITAL		
Authorised share capital		
7,500,000 (7,500,000) Equity shares of Rs 10/- each	75,000,000	75,000,000
5,000,000 (5,000,000) Cumulative Redeemable Preference Shares of Rs 10/- each	50,000,000	50,000,000
2,500,000 (2,500,000) Unclassified Shares of Rs 10/- each	25,000,000	25,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
Issued share capital		
3,640,000 (3,640,000) Equity shares of Rs.10/- each	36,400,000	36,400,000
Subscribed & fully paid Up Share Capital		
3,638,000 (3,638,000) Equity shares of Rs. 10/- each fully Paid up	36,380,000	36,380,000
Forfeited Equity Shares		
Forfeited Equity Shares (Amount Paid Up)		
2,000 (2,000) Equity Shares	10,000	10,000
Total	<u>36,390,000</u>	<u>36,390,000</u>

1. Reconciliation of Equity Shares outstanding at the beginning and at the end of the Reporting period

	31 March 2012		31 March 2011	
	No. of shares	In Rs.	No. of shares	In Rs.
At the beginning of the period	3,638,000	36,380,000	3,638,000	36,380,000
Issued / reduction if any during the period	-	-		
Outstanding at the end of the period	<u>3,638,000</u>	<u>36,380,000</u>	<u>3,638,000</u>	<u>36,380,000</u>

2 Terms/Rights attached to the equity shares

The Company has only one class of equity shares having par value of Rs. 10/- each. Each equity holder is entitled to one vote per share and have a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

The Board of Directors has recommended a dividend of 25% (2.50/- per share) for the financial year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3 Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

NIL

4 Number of Shares held by each shareholder holding more than 5% Shares in the company

Sr. No.	Name of shareholders	31 March 2012		31 March 2011	
		No. of share	% of holding	No. of share	% of holding
1	Kalyani Consultants Pvt. Ltd.	377280	10.37	377280	10.37
2	Bhalchandra Investment Ltd.	349000	9.59	349000	9.59
3	Vakratund Investment Pvt. Ltd.	342342	9.41	342342	9.41
4	Pax Investment Pvt. Ltd.	340074	9.35	340074	9.35
5	Squirrel Finances and Investors Pvt. Ltd.	186480	5.13	186480	5.13

5 Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL



Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
NOTE 2 : RESERVES AND SURPLUS :		
Capital reserve as per last year	2,500,000	2,500,000
Capital Redemption Reserve as per last year	1,000,000	1,000,000
Securities Premium as per last year	69,162,500	69,162,500
General reserve		
Opening balance	65,717,659	60,817,659
Add: Set aside this year	13,414,000	4,900,000
Closing balance	<u>79,131,659</u>	<u>65,717,659</u>
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	614,735,286	563,627,118
Add: Profit for the year	134,134,011	64,464,518
Balance available for appropriation	748,869,297	628,091,636
Less: Appropriations		
Transferred to general reserve	13,414,000	4,900,000
Proposed dividend	9,095,000	7,276,000
Tax on proposed dividend	1,475,440	1,180,350
	<u>724,884,857</u>	<u>614,735,286</u>
Total	<u>876,679,016</u>	<u>753,115,445</u>

NOTE 3 : LONG-TERM BORROWINGS**Secured : Term Loan From Banks**

State Bank of India	117,066,505	112,500,000
Indian Overseas Bank	35,141,373	-
	<u>152,207,878</u>	<u>112,500,000</u>

Unsecured : Other Long Term Borrowing

Sales Tax Deferral Liability under Package Scheme of Incentives 1979,1988 and 1993.	80,486,088	89,066,788
Total	<u>232,693,966</u>	<u>201,566,788</u>

Terms of Repayment

1. Term Loan of Rs.120,000,000 is availed from State Bank of India, IFB, Pune at the rate of interest of 4.50% above base rate. Balance outstanding as on 31st March 2012 is Rs.112,500,000(P.Y. Rs.120,000,000). Out of these, amount treated as current maturities of long term debts as on 31st March 2012 is Rs.30,000,000. (P.Y.Rs.7,500,000) This loan is to be repaid in five years starting from Nov-2011. Accordingly, Rs.7,500,000 were paid comprising of five installments of Rs.1,500,000 each.
2. Term Loan of Rs. 71,766,505 is availed from State Bank of India, IFB, Pune out of the total sanction limit at the rate of interest of 3% above base rate. Balance outstanding as on 31st March 2012 is Rs.71,766,505(P.Y. Nil). Out of these, amount treated as current maturities of long term debts as on 31st March 2012 is Rs.37,200,000(P.Y. Nil). This loan is to be repaid in five years starting from October 2012.
3. Term Loan of Rs. 35,141,373 is availed from Indian Overseas Bank, Karve Road, Branch, Pune, out of the total sanction limit at the rate of interest of 1.75% above base rate. Balance outstanding as on 31st March 2012 is Rs 35,141,373(P.Y. Nil) This loan is to be repaid in five years starting from Oct 2013.



Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
4. Sales Tax Deferral Liability under package scheme of incentive 1979, 1988 and 1993 as on 31 st March 2012 is of Rs.89,066,788 (P.Y. Rs 97,647,486). Out of these, amount treated as current maturities of long term debts as on 31 st March 2012 is Rs. 8,580,700 (P.Y. Rs. 8,580,698). The balance liability for 1988 Scheme is to be repaid within four years. Accordingly, Rs 8,580,700 were paid on 26 th April 2011.		

Nature of security

- For the above Rupee Term Loans, the company has created the first pari passu charge together (both the banks) by way of hypothecation on assets to be acquired out of bank finance as primary security and first pari passu charge by way of hypothecation on the existing fixed assets including land and building situated at Sanaswadi and Koregaon Bhima, Pune as a collateral security.

NOTE 4 : DEFERRED TAX LIABILITIES (NET)

Deferred tax liability	62,900,945	65,651,672
Less: Deferred tax asset	9,008,872	8,591,915
Total	<u>53,892,073</u>	<u>57,059,757</u>

As required by Accounting Standard (AS 22) "Taxes on Income" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, the Company has recognised deferred taxes, which result from timing differences between book profits and tax profits for the period, the details of which are as under.

(i) Deferred Tax Liabilities		
Depreciation & Amortisation	62,900,945	65,651,672
(ii) Deferred Tax Assets		
a Privilege Leave and Gratuity Provision	3,560,377	2,370,590
b Provision for Doubtful debts & advances	2,124,862	1,648,398
c VRS Compensation	3,323,633	4,572,927
d Others		-
Total (a+b+c+d) [ii]	<u>9,008,872</u>	<u>8,591,915</u>
Deferred Tax Liability (Net) [i-ii]	<u>53,892,073</u>	<u>57,059,757</u>

NOTE 5 : SHORT-TERM BORROWINGS

Loans payable on demand : Secured	407,513,542	513,015,715
Short Term Loan	-	150,000,000
Cash credit from Bank	324,513,851	336,745,543
Packing credit foreign currency loan	82,999,691	26,270,172
Total	<u>407,513,542</u>	<u>513,015,715</u>

- Company's fund and non fund based working capital facilities of Rs. 814,000,000 are secured by first charge by way of hypothecation on pari passu basis with existing working capital lenders (State Bank of India, IFB, Pune (Lead Bank), Bank of Maharashtra, Pune and IDBI Bank, Pune) over the company's entire current assets including stocks, WIP, receivables and finished goods and also the second charge on the whole of the fixed assets of the Company on pari passu basis with consortium working capital lenders.
- The above Packing credit foreign currency loan is availed from Bank of Maharashtra and State Bank of India, Pune at the rate of Interest of 3.5% (the Margin) over fixed USD London Inter-bank Offer Rate i.e. LIBOR.



Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
NOTE 6 : TRADE PAYABLES		
Trade Payables (refer Note No 27.8)	332,265,063	427,015,946
TOTAL	<u>332,265,063</u>	<u>427,015,946</u>
NOTE 7 : OTHER CURRENT LIABILITIES		
Urrent Maturities Of Long-term Debts (refer Note 3)	75,780,700	16,080,698
Interest Accrued And Due On Borrowings	2,567,044	1,300,496
Unclaimed Dividends	576,765	601,719
Advances From Customers	6,597,056	3,977,556
Amounts Due For Capital Purchases	9,039,825	8,685,949
Sales Bill Discounted	19,867,752	13,258,084
OTHER PAYABLES		
Statutory Dues Including Provident Fund And Tax Deducted At Source	5,012,968	4,239,097
Employee Benefits Payable	34,577,899	21,681,466
Other Liabilities	43,030,906	39,487,631
TOTAL	<u>197,050,915</u>	<u>109,312,696</u>
NOTE 8 : SHORT-TERM PROVISIONS		
Provision for employee benefits	13,038,808	11,517,496
Provision for gratuity (Refer note 27.7)	5,974,596	4,627,926
Provision for leave encashment (Refer note 27.7)	7,064,212	6,889,570
Others		
Tax provision (Net of tax paid in advance)	8,392,088	-
Proposed dividend	9,095,000	7,276,000
Tax on proposed dividend	1,475,440	1,180,350
Total	<u>18,962,528</u>	<u>8,456,350</u>
Total	<u>32,001,336</u>	<u>19,973,846</u>



NOTE : 9 - TANGIBLE ASSETS

Fixed Assets	Land Freehold	Buildings	Roads	Borewell	Plant & Machinery	Electrical Installation	Factory Equipment	Laboratory Equipments	Furniture & Fixture	Office Equipment	Data Processing Equipment	Vehicles	Power Line (3)	Total
Gross Block As At 31 st March 2010	21,304,497	182,365,993	11,819,829	127,295	1,139,952,888	80,887,393	63,767,536	10,749,424	9,133,833	4,473,625	20,268,496	12,548,446	5,239,365	1,562,638,620
Additions	-	7,164,454	-	-	91,133,838	8,545,569	5,723,521	2,321,166	212,743	623,854	665,550	4,889,568	-	121,280,263
ECB Diff in Exchange - AS11	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-	4,007,959	-	4,007,959
As At 31 st March 2011	21,304,497	189,530,447	11,819,829	127,295	1,231,086,726	89,432,962	69,491,057	13,070,590	9,346,576	5,097,479	20,934,046	13,430,055	5,239,365	1,679,910,924
Gross Block As At 31 st March 2011	21,304,497	189,530,447	11,819,829	127,295	1,231,086,726	89,432,962	69,491,057	13,070,590	9,346,576	5,097,479	20,934,046	13,430,055	5,239,365	1,679,910,924
Additions	190,517	1,770,216	-	-	98,126,124	7,330,251	2,510,199	100,368	1,154,634	279,800	773,051	498,624	-	112,733,784
ECB Diff in Exchange - AS11	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inler Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hive off- Bearing Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	190,517	-	-	-	5,427,217	-	-	-	-	40,891	-	-	-	5,658,625
As At 31 st March 2012	21,304,497	191,300,663	11,819,829	127,295	1,323,785,633	96,763,213	72,001,256	13,170,958	10,501,210	5,377,279	21,666,206	13,928,679	5,239,365	1,786,986,083
Depreciation Upto 31 st March 2010	-	43,386,092	906,208	39,214	596,270,299	42,394,020	29,520,937	4,655,177	5,484,242	1,793,368	14,309,448	6,696,754	3,078,864	748,534,623
For The Year	-	6,122,999	192,663	2,075	87,908,508	6,955,987	5,534,982	1,095,863	421,079	197,772	1,953,975	816,335	512,937	111,715,174
Inler Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-	3,393,656	-	3,393,656
As At 31 st March 2011	-	49,509,091	1,098,871	41,289	684,178,807	49,350,007	35,055,919	5,751,040	5,905,321	1,991,140	16,263,423	4,119,433	3,591,801	856,856,142
Depreciation Upto 31 st March 2011	-	49,509,091	1,098,871	41,289	684,178,807	49,350,007	35,055,919	5,751,040	5,905,321	1,991,140	16,263,423	4,119,433	3,591,801	856,856,142
For The Year	-	6,358,427	192,663	2,075	92,830,458	7,862,109	5,891,556	1,345,355	661,571	220,952	1,658,531	1,293,218	512,937	118,829,852
Inler Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	2,969,769	-	-	-	-	-	-	-	-	-
As At 31 st March 2012	-	55,867,518	1,291,534	43,364	774,039,496	57,212,116	40,947,475	7,096,395	6,566,892	2,212,092	17,917,915	5,412,651	4,104,738	972,712,186

Net Block

As At 31 st March 2011	21,304,497	140,021,356	10,720,958	86,006	546,907,919	40,082,955	34,435,138	7,319,550	3,441,255	3,106,339	4,670,623	9,310,622	1,647,564	823,054,778
As At 31 st March 2012	21,304,497	135,433,145	10,528,295	83,931	549,746,137	39,551,097	31,053,781	6,074,563	3,934,319	3,165,186	3,748,291	8,516,028	1,134,627	814,273,897

Notes :

1. Gross block is at Cost.
2. For Depreciation and amortisation refer accounting policy (Note 27-1.3).
3. Cost incurred by the company. Ownership vests with Maharashtra State Electricity Distribution Company Limited.
4. Accumulated Depreciation on Powerline represents amount amortised upto 31st March, 2012.



Particulars	Licences assets Rs.	Total Rs.
NOTE : 10 - INTANGIBLE ASSETS		
Gross Block		
As At 31 st March 2010		-
Additions	-	
ECB Diff in Exchange - AS11		-
Recoupment / Adjustment		-
Deductions		-
As At 31st March 2011	<u> </u>	<u> </u>
Gross Block		
As At 31 March 2011		-
Additions	1,045,000	1,045,000
ECB Diff in Exchange - AS11		-
Inter Transfers		-
Hive off- Bearing Division		-
Recoupment / Adjustment		-
Deductions		-
As At 31st March 2012	<u>1,045,000</u>	<u>1,045,000</u>
Depreciation		
Upto 31 st March 2010		-
For The Year		-
Inter Transfers		
Recoupment / Adjustment		
Deductions		-
As At 31st March 2011	<u> </u>	<u> </u>
Depreciation		
Upto 31 st March 2011		-
For The Year	37,489	37,489
Inter Transfers		
Recoupment / Adjustment		
Deductions		-
As At 31st March 2012	<u>37,489</u>	<u>37,489</u>
Net Block		
As At 31 st March 2011	-	-
As At 31st March 2012	<u>1,007,511</u>	<u>1,007,511</u>

Notes :

- Intangible Assets are amortised on Straight Line method.
- Useful life of each category is as follows,
Computer Software- 74 months.



Particulars	Face Value Per Unit Rs.	As at 31st March 2012		As at 31st March 2011	
		Nos.	Rs.	Nos.	Rs.
NOTE 11 : NON-CURRENT INVESTMENTS					
NON TRADE - Unquoted					
The Shamrao Vithal Co-operative Bank Ltd	25	2,000	50,000	2,000	50,000
Total			<u>50,000</u>		<u>50,000</u>

Particulars	As at 31st March 2012		As at 31st March 2011	
	Nos.	Rs.	Nos.	Rs.
NOTE 12 : LONG-TERM LOANS AND ADVANCES				
Capital advances		53,666,136		67,457,906
Secured, considered good		1,237,000		640,000
Unsecured, considered Good		52,429,136		66,817,906
Loans to employees		2,031,016		4,081,158
Secured, considered good		-		-
Unsecured, considered Good		2,031,016		4,081,158
Out of the above				
Loans and advances due by directors or other officers of the company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member			-	-
Tax paid in advance (net of provision)		13,110,223		5,630,223
Total		<u>68,807,375</u>		<u>77,169,287</u>



Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
NOTE 13 : OTHER NON-CURRENT ASSETS		
Long-term trade receivables	-	
Doubtful	6,550,128	5,158,727
Less : Provision	6,550,128	5,158,727
	-	-
Others	31,569,376	21,186,878
Other bank balances (Deposits with maturity of more than 12 months)	11,193	9,869
Claims/ Refund receivable	31,170,010	20,978,646
Deposits	388,173	198,363
Total	31,569,376	21,186,878
NOTE 14 : INVENTORIES		
Raw materials, at cost	127,927,608	119,560,102
Work-in-progress, at cost (Note No. 27.16)	113,044,405	100,642,644
Finished goods, at lower of cost or market value(Note No. 27.16)	16,357,166	23,225,502
Stores, spares, etc. at cost	24,534,759	23,427,547
Loose tools	16,036,727	19,559,445
Scrap at estimated realisable value	11,751,511	12,318,862
Die Room Inventory:		
Dies at cost	10,938,389	1,039,582
Die Blocks, Die Steel and Dies under fabrication, at cost	7,026,222	13,772,331
Stock of shares, units of mutual funds at lower of cost or market value	1,889,636	1,889,636
Total	329,506,423	315,435,651
NOTE 15 : TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	4,799,878	20,098,742
Other receivables		
Unsecured, considered good	620,781,020	598,521,619
Total	625,580,898	618,620,361



Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
NOTE 16 : CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	59,844	46,420
Balance with Bank	84,317,157	15,466,673
Current accounts and cash credit	83,740,396	14,864,957
Unpaid dividend accounts	576,761	601,716
	84,377,001	15,513,093
Other bank balances		
Deposits with original maturity of more than three months but less than 12 months		
In Margin Money Deposit pledged as security with Banks	18,446,439	15,643,902
Total	102,823,440	31,156,995
Note 17 : SHORT-TERM LOANS AND ADVANCES		
Loans and advance to suppliers		
Unsecured, considered Good	18,543,025	20,656,674
Loans and advance to employees		
Unsecured, considered good	2,868,028	967,541
Balance with collectorate of central excise and customs	6,238,513	29,455,733
VAT/ Excise Receivable	46,710,743	45,009,138
Tax paid in advance (net)	-	4,457,642
Other loans & advances	10,552,295	8,219,043
Total	84,912,604	108,765,771
NOTE 18 : OTHER CURRENT ASSETS		
Export incentive receivable	44,583,640	42,965,175
Interest receivable	1,252,377	563,953
Deposits	1,131,300	2,872,801
Prepaid expenses	8,905,646	5,648,977
Other receivables	405,332	405,332
Total	56,278,295	52,456,238
NOTE 19 : REVENUE FROM OPERATIONS		
Sale of products (gross)	2,991,835,537	2,531,724,283
Less : Excise duty	266,897,990	222,724,174
Net Sales (Note No. 27.16)	2,724,937,547	2,309,000,109
Operating income		
Die development charges	800,000	1,695,000
Job Work Receipt	2,317,382	8,831,320
Export incentives	17,172,500	30,373,590
Gain on foreign exchange fluctuations, (net)	35,429,873	9,098,592
Total	2,780,657,302	2,358,998,611



Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
NOTE 20 : OTHER INCOME		
Interest		
On income tax refund	201,270	521,975
On others	1,924,613	1,586,631
Dividend	6,000	6,000
Discount received	1,348,397	10,306,669
Miscellaneous income	7,718,209	4,720,845
Surplus on sale of assets	112,975	622,221
Provisions no longer required written back	1,095,913	5,991,053
Provision for doubtful debts and advances written back	-	13,519,857
Total	<u>12,407,377</u>	<u>37,275,251</u>
NOTE 21 : COST OF MATERIALS CONSUMED		
(a) Raw materials consumed		
Opening stocks	119,560,102	114,874,775
Less : Value of obsolete and non-moving material written-down (net of realisable value)		
Add : Purchases	<u>1,408,151,275</u>	<u>1,248,721,805</u>
Less : Stocks at close	<u>127,927,608</u>	<u>119,560,102</u>
Less : Sale of raw material	<u>2,793,733</u>	<u>733,744</u>
	1,396,990,036	1,243,302,734
(b) Dies consumed		
Opening stocks		
Dies	1,039,582	631,309
Die Blocks, Die Steel and Dies under fabrication	<u>13,772,331</u>	<u>10,497,620</u>
	14,811,913	11,128,929
Add: Purchases and processing charges	<u>19,468,676</u>	<u>22,720,527</u>
	34,280,589	33,849,456
Less: Stock at close		
Dies	10,938,389	1,039,582
Die Blocks, Die Steel and Dies under fabrication	<u>7,026,222</u>	<u>13,772,331</u>
	17,964,611	14,811,913
	16,315,978	19,037,543
Total	<u>1,413,306,014</u>	<u>1,262,340,277</u>



Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
(i) Raw materials and components consumed:		
Carbon and Alloy Steel	1,338,474,666	1,193,777,611
Seamless Tubes	19,707,297	15,857,297
Others	38,808,073	33,667,826
Total	<u>1,396,990,036</u>	<u>1,243,302,734</u>
(ii) Imported and indigenous raw materials consumption :		
Particulars	%	%
Imported	0.20	0.40
Indigenous	99.80	99.60
Total	<u>100.00</u>	<u>100.00</u>
NOTE 22 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
(Increase)/decrease in stocks		
Stocks at close:		
Work-in-process	113,044,405	100,642,644
Finished goods	16,357,166	23,225,502
Scrap	11,751,511	12,318,862
	<u>141,153,082</u>	<u>136,187,008</u>
Less : Opening stocks		
Work-in-process	100,642,644	89,475,591
Finished goods	23,225,502	15,118,180
Scrap	12,318,862	4,026,958
	<u>136,187,008</u>	<u>108,620,729</u>
	<u>(4,966,074)</u>	<u>(27,566,279)</u>
Shares, Units of Mutual Funds		
Stock at close	1,889,636	1,889,636
Less: Stock at commencement	1,889,636	1,889,636
	-	-
Increase/(Decrease) in excise duty on stocks		
Excise duty on opening inventories	1,150,357	376,045
Excise duty on closing inventories	1,419,252	1,150,357
	<u>268,895</u>	<u>774,312</u>
Total	<u>(4,697,179)</u>	<u>(26,791,967)</u>



Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
NOTE 23 : EMPLOYEE BENEFITS EXPENSE		
Salaries, wages, gratuity, bonus, commission, etc	212,823,226	197,626,763
Contribution to provident and other funds	12,403,078	12,652,225
Welfare expenses	19,017,118	16,676,556
Voluntary Retirement Scheme	-	15,065,463
Total	<u>244,243,422</u>	<u>242,021,007</u>
NOTE 24 : FINANCE COSTS		
Interest expense	82,702,306	61,897,109
Other borrowing cost		
Bank charges, commission etc	11,649,490	11,102,751
Total	<u>94,351,796</u>	<u>72,999,860</u>
NOTE 25 : DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation		
Tangible assets	118,829,852	111,715,174
Intangible assets	37,489	-
Total	<u>118,867,341</u>	<u>111,715,174</u>



Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
NOTE 26 : OTHER EXPENSES		
Manufacturing Expenses		
Stores, spares and tools consumed	178,786,958	143,805,979
Processing charges	122,153,933	91,117,113
Power and Fuel	244,319,656	221,834,508
Repairs to Building	9,011,143	4,304,913
Repairs to machinery	57,935,406	40,565,789
Octroi Duty	40,536	742,800
other manufacturing expenses	2,343,046	2,229,220
	614,590,678	504,600,322
Selling Expenses		
Freight and forwarding	38,272,324	35,447,921
Royalty, technical and license fees etc.	25,000	25,000
Other selling expenses	6,282,169	5,437,612
	44,579,493	40,910,533
Administration Expenses		
Rent	455,098	402,800
Rates and taxes	1,919,661	4,970,060
Insurance (Including Keyman Insurance)	6,690,854	4,587,604
Other repairs and maintenance	246,084	1,319,044
Travelling and conveyance	4,915,791	7,576,221
Vehicle Expenses(Including on hired vehicles)	20,934,754	18,218,795
Professional & consultancy fees	6,952,645	6,978,824
Auditor's remuneration	1,025,000	925,000
Directors' Fees expenses	156,500	157,500
Donations	-	1,000
Non executive directors' commission	760,000	989,465
Miscellaneous expenses	23,373,516	21,966,630
Loss on assets sold, demolished, discarded and scrapped	514,212	329,859
Bad debts and irrecoverable balances written off	-	13,571,209
Provision for doubtful debts	1,391,402	5,081,374
Sundry debit balances written off	-	4,820
	69,335,517	87,080,205
Total	728,505,688	632,591,060



**NOTE TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT
AND FOR THE YEAR ENDED 31 MARCH 2012.**

Note No. 27**1. Statement on Significant Accounting Policies****1.1 Basis of Preparation of Financial Statements :**

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the generally accepted accounting principles and comply with the Accounting Standards as per the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

Revised Schedule VI notified under the Companies Act, 1956 have become applicable to the Company from accounting year commencing from 01.04.2011 for preparation and presentation of Financial Statements. Accordingly all Assets and Liabilities have been classified as Current and Non Current as per Company's Normal operating cycle and/or other criteria's set out in revised schedule VI.

1.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognized prospectively in future periods.

1.3 Fixed Assets and depreciation:

A) Fixed Assets are stated at their original cost of acquisitions including incidental expenses related to acquisition and installation of the concerned assets (including cost of specific borrowings). The fixed assets manufactured by the Company are stated at manufacturing cost. Fixed Assets are shown net of accumulated depreciation, except free hold land, which is at cost.

B) Expenditure on New Projects and Expenditure during the construction etc:-

In case of new projects and in case of substantial modernization or expansion at the existing units of the company, expenditure incurred including interest on borrowings and financing cost of specific loan, prior to the commencement of commercial production is being capitalized to the cost of asset. Trial run expenditure is also capitalized.

C) Intangible assets are recorded at the consideration paid for acquisition.

D) Depreciation / Amortization on Assets (other than Freehold Land) :

- i) The Company provides depreciation on all its assets on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956;
- ii) Depreciation on all assets acquired upto 31st October, 1987 is being provided at the rates of depreciation prevalent at the time of acquisition of the asset, pursuant to Circular 1/1/86 CLB No. 14 (50)84 CL-VI dated 21st May,1986 issued by the Department of Company Affairs ; dated 21st May,1986 issued by the Department of Company Affairs ;
- iii) Depreciation on addition to fixed assets from 1st April, 1990 onwards is charged at the rates specified in and in accordance with, Schedule XIV of the Companies Act, 1956;
- iv) Depreciation on additions on account of increase in rupee value due to foreign exchange fluctuations is being provided at the rates of depreciation over the balance life of the said asset.
- v) Depreciation on assets sold, discarded and scrapped is being provided at their rates on pro-rata



basis up to the date on which such assets are sold, discarded and scrapped.

- vi) Cost of Powerline is being amortised over a period of seven years when put to use.
- vii) Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its intended use .

1.4 Inventories:

Stores and spares, raw materials and components are valued at cost or net realizable value whichever is lower, Cost of Inventories has been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

- i) Raw materials are valued at cost. The costs are ascertained on moving average basis.
- ii) Stores, Spares etc. and tools are valued on moving average basis.
- iii) Work-in-process, Dies under fabrication and Finished Goods are valued at the lower of cost or realisable value.
- iv) Scrap and Non-moving semi-finished goods, slow-moving and obsolete items, are valued at estimated realisable value.
- v) Stock of Trial Product is valued at cost.
- vi) Dies are valued at cost.
- vii) Die Block and Die Steel are valued at material cost.
- viii) Goods in transit are stated at actual cost up to the date of Balance Sheet.
- ix) Shares, Units of Mutual Funds shown as stock in trade are valued at cost or market value whichever is lower.

1.5 Research & Development expenditure:

Research and Development expenditure is charged to Profit & Loss Account under the respective heads of account in the year in which it is incurred. However expenditure incurred at development phase, where it is reasonably certain that the outcome of research will be commercially exploited to yield economic benefit to the Company, is considered as an intangible asset. Fixed Assets purchased for Research and Development are treated in the same way as any other Fixed Asset.

1.6 Share Issue expenses are written off over a period of ten years.

1.7 Employee Benefits:

a) Short term employee benefits.

All employee benefits payable within 12 months of rendering the service are classified as short term benefits. Such benefits include salary, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc and the same are recognized in the period in which the employee renders the related service.

b) Provident Fund -

Benefits in the form of Provident Fund and Pension Scheme whether in pursuance of law or otherwise which are defined contributions is accounted on accrual basis and charged to profit and loss account of the year.

c) Gratuity –

The employees' gratuity fund scheme, is Company's defined benefit plan. Payment for present liability of future payment of gratuity is being made to the approved gratuity funds under cash accumulation policy of the Life Insurance Corporation of India. The Employees' gratuity, a defined benefit plan, is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet and shortfall in the fair value of the Planned Asset is recognized as obligation.

**d) Superannuation-**

Defined Contributions to Life Insurance Corporation of India for employees covered under Superannuation Scheme are accounted at the rate of 15% of such employees' annual salary.

e) Privilege Leave Benefits:

Privilege leave benefits or compensated absences are considered as long term unfunded benefit and is recognized on the basis of an actuarial valuation using the Projected Unit Credit Method determined by an appointed Actuary.

f) Termination Benefits –

Termination benefits such as compensation under voluntary retirement scheme are recognized as liability in the year of termination.

1.8 Foreign Currency Transactions**a) Initial recognition –**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of transaction.

b) Conversion –

Current Assets and Current Liabilities, Secured Loans designated in foreign currencies are revalored at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate contracted rate.

c) Exchange Differences: -

Exchange difference arising on the settlement and conversion on foreign currency transactions are recognized as income or as expenses in the year in which they arise. Except , option of capitalizing of eligible exchange difference on foreign currency loans utilized for acquisition of assets is availed as per Ministry of Corporate Affairs Notification dated 31st March, 2009, as amended vide G.S.R. 378(E) dated 11th May, 2011.

d) Option Contracts –

Company uses foreign exchange option contracts to hedge its exposures against movements in foreign exchange rates. Foreign exchange option contracts are not used for trading or speculation purpose.

Outstanding foreign exchange option contracts on the date of Balance Sheet are “Marked to Market”.

1.9 Investments:

Long Term investments are valued at cost of acquisition less diminution in the value, if determined to be of permanent nature.

1.10 Sales:

- a) i) Domestic sales are accounted for when dispatched from the point of sale, consequent to property in goods being transferred.
ii) Export sales are accounted on the basis of the dates of Bill of Lading/ Other delivering documents as per terms of contract.
- b) Benefit on account of entitlement to import goods free of duty under the “Duty Entitlement Pass Book under Duty Exemption Scheme” is accounted in the year of Export.
- c) Export incentives: Export incentives are accounted for on Export of goods if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.



- d) Dividend is accrued in the year in which it is declared, whereby right to receive is established.

1.11 Borrowing Costs:

Borrowing costs are recognised in the Profit and Loss Account except interest incurred on borrowings, specifically raised for projects, are capitalized to the cost of the qualifying assets until such time that the asset is ready to be put to use for its intended purpose.

1.12 Taxation:

Current tax is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax is recognized, subject to the consideration of prudence in respect of deferred tax asset, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.13 Earnings per share:

The basic & diluted earning per share is computed by dividing the net profit or loss attributable to equity shareholder for the period by the weighted average number of equity shares outstanding during the period.

1.14 Impairment of Assets:

The Management assesses for any impairment of assets or cash generating units, if indicators, external or internal, suggest possibilities of reduction in net realisable value of assets or value in use of cash generating units below their carrying costs. Impairments, if any, will be recognised in the Profit and Loss Account.

1.15 Provisions and Contingent Liability:

Provisions are recognized when the company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates. A disclosure of contingent liability is made where there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.



**NOTE TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT
AND FOR THE YEAR ENDED 31ST MARCH, 2012.**

Contingent Liability not provided for in respect of :

	AS AT 31ST MARCH, 2012 RS.	AS AT 31ST MARCH, 2011 RS.
i. Bills discounting	12,961,060	13,169,313
ii Claims against the Company, not acknowledged as debts	13,225,000	12,425,000
iii Disputed Income Tax demand, matter under appeal	20,953,702	10,289,869
iv Disputed Excise demand, matter under appeal	7,292,845	6,087,927
v In respect of Non fulfillment of export obligation under EPCG	8,779,660	-
3. The Company has imported capital goods under the Export Promotion Capital Goods Scheme of the Govt. of India at concessional rate of duty against an undertaking to fulfil quantified exports (after considering enhancement in Export Obligation amount and cancellations of Licences), aggregates USD 7.01 Millions (Equivalent to Rs. 353,471,390 at 1 USD = Rs.50.53) over a period of next five years from issue of license,while maintaining average exports of USD 5.07 Millions (Equivalent to Rs.256,256,752).Non fulfillment of the balance obligations, in the due manner entails options/rights to the Government to confiscate Capital Goods Imported under the said Licences and other penalties under the above referred scheme.		
4. Estimated Amount of contracts remaining to be executed on Capital Account and Not provided for (net of advances)	117,218,717	29,236,739
5. Payments to Auditors		
i. Statutory audit		
Tax Audit	650,000	650,000
In Other Capacity :	125,000	125,000
For certification & Others		
For Expenses	135,000	135,000
	15,000	15,000
ii. Cost Audit	100,000	-
	1,025,000	925,000
6. a) Guarantees given by the Company's Bankers on behalf of the Company, against sanctioned guarantee limits aggregating to Rs.30,000,000/- (Previous year Rs.30,000,000/-) for contracts undertaken by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock in trade, stores and spares etc.,book debts subject to prior charge in their favour. Amount outstanding as on 31 st March ,2012 is Rs. 21,141,890- (Previous year Rs. 19,479,390/-)		
b) The non-fund based facilities have been sanctioned amounting to Rs. 314,000,000/- with a charge of hypothecation on stock, book debts and other current assets on pari-passu among the consortium members and second charge over fixed assets of company. Amount outstanding as on 31 st March 2012 is Rs. 67,864,161/- (Previous year -Rs. 77,103,223/-). Also outstanding amount of Letter of Credit open against Fixed Assets as on 31 st March, 2012 is Rs.33,000,842/-		



7. Disclosure pursuant to Accounting Standard (AS 15) - Revised 2005 "Employee Benefits" prescribed by Companies (Accounting Standards) Amendment Rules, 2006

a) Details of Long Term Employees benefits determined by an appointed Actuary are as follows :

Funded Scheme - Gratuity.

Particulars	31st March 2012 Gratuity	31st March 2011 Gratuity
(i) Amounts to be recognised in Balance Sheet		
a. Present Value of Defined Benefit Obligations		
Funded	19,018,869	17,409,644
b . Fair Value of Plan Assets	13,044,273	12,781,718
c. Net Liability/(Asset) recognised in the Balance Sheet	5,974,596	4,627,926
(ii) Amount to be recognised in Statement of Profit & Loss Account		
a. Current Service Cost	1,686,825	1,695,538
b. Interest on defined benefit obligations	1,392,772	1,671,938
c. Expected return on planed assets	(1,158,226)	(1,257,119)
d. Net Actuarial Losses/(Gain) Recognised in year	(573,570)	493,594
Total, included in "Employee Benefits"	1,347,801	2,603,951
(iii) Change in Defined Benefit obligation and reconciliation thereof		
a. Present value of Defined Benefit obligation at the beginning of the year	17,409,644	20,899,215
b. Interest Cost	1,392,772	1,671,938
c. Current Service Cost	1,686,825	1,695,538
d. Actuarial Losses/ (Gains)	(573,570)	493,594
e. Benefits Paid	(896,802)	(7,350,641)
f. Present value of Defined Benefit obligation at the close of the year	19,018,869	17,409,644
(iv) Change in the fair value of Plan Assets and the reconciliation thereof		
a. Fair value of Plan Assets at the beginning of the Year	12,781,718	16,913,354
b. Add : Expected return on Plan Assets	1,158,226	1,257,119
c. Add/ (Less) : Actuarial Losses/ (Gains)	-	-
d. Add : Contributions by employer	1,131	1,961,886
e. Less -Benefits Paid	(896,802)	(7,350,641)
f. Fair value of Plan Assets at the closed of the year	13,044,273	12,781,718
(v) Broad Categories of plan assets as a percentage of total assets as at 31st March, 2012		
a. Insurer Managed Funds	100%	100%
TOTAL	100%	100%
(vi) Summary of the Actuarial Assumptions		
Discount Rate	8%	8%
Expected Rate of Return on Assets	9.25%	8.10%
Salary Escalation Rate	5%	5%
b) Unfunded scheme- Compensated Absences		
Present Value of Unfunded Obligations	7,064,212	6,889,571
Discount Rate	8.50%	8.10%
Salary Escalation Rate %	5%	5%



8. The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2012. The disclosure pursuant to the said Act is as under :

Particulars	31st March 2012	31st March 2011
Principal Amount due to suppliers under MSMED Act , 2006, beyond the appointed day	2,731,547	4,086,000
Interest accrued and due to suppliers under MSMED Act , on the above amount	69,773	68,383
Payment made to suppliers (other than interest) beyond the appointed day , during the year	2,036,533	22,071,148
Interest paid to suppliers under MSMED Act (Other than section 16)	-	
Interest paid to suppliers under MSMED Act (Section 16)	-	
Interest due and payable to suppliers under MSMED Act , for the payments already made	55,632	531,597
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act,2006	125,406	599,980

Note: The information has been given in respect of such vendors to the extent they could be identified as " Micro and Small" enterprises on the basis of information available with the Company.

- 9 CIF Value of Imports and Expenditure in Foreign Currencies

Particulars	2011-12	2010-11
(a) CIF Value of Imports	Rs.	Rs.
Capital Goods	24,770,747	48,537,517
Spare Parts/ Lubricants	17,374,028	7,363,959
Raw Material	353,201	152,871
(b) Expenditure in Foreign Currencies		
Travelling	825,563	3,489,453
Interest	-	-
Export Sales Commission	655,838	985,274
Professional fees	5,525,026	208,358
Seminar/Training	30,806	129,267
Processing charges outside	1,641,566	960,961

- 10 Prior period items Expenditure (net) **5,419,207** 2,862,488

- 11 Earnings in Foreign Currencies
- | | | |
|----------------------------------|--------------------|-------------|
| FOB Value of Exports | 612,652,327 | 507,791,273 |
| Deemed Export | 130,254,167 | 98,944,802 |
| Insurance and freight on exports | 18,755,842 | 19,490,017 |

- 12 Exchange Differences on account of fluctuation in Foreign Currency rates. **2011-12** 2010-11

a) Exchange Differences on account of fluctuations in Foreign Currency Rates	Rs.	Rs.
i) On settlement / revalorisation of Current Assets & Current Liabilities	35,429,873	9,098,592



b) Foreign Exchange Derivatives not hedged at close of the year

i) Exposures not hedged at the close of the year

	Currency	2011-12	2010-11
Receivables	USD	2,352,693	3,214,714
	EURO	938,292	1,413,906
	GBP	9,578	11,622
	CHF	4,720	-
	JPY	10,465,995	-
	AUD	150,000	-
Payables	USD	25,019	114,510
	EURO	-	3,510
	JPY	-	8,990,355

13. Total Expenditure on Research & Development (including allocable overheads) during the year is Rs.6,574,000/- (Previous year Rs.3,636,412/-)
14. (a) The Company has a single Product, viz : "Forgings". Consequently, there are no Reportable Segments of the Company as per the Accounting Standard (AS-17) "Segment Reporting" prescribed by Companies (Accounting Standards) Amendment Rules, 2006.
- (b) Disclosures of transactions with Related Parties as required by Accounting Standard - 18 "Related Party Disclosures" is given below. Related parties as defined under clause 3 of the Accounting Standard have been identified on the basis of representations made by the Key Managerial Personnel, information available with the company and taken on record by the Board.

Sr. No.	Nature of relationship / Name of related party	Nature of Transaction	2011-12		2010-11	
			Transaction Value (Rs.)	Outstanding Amounts carried in the Balance Sheet (Rs.)	Transaction Value (Rs.)	Outstanding Amounts carried in the Balance Sheet (Rs.)
1	Key Managerial personnel Mrs. R. G. Kalyani (Vice-chairperson and Managing Director)	Remuneration	2,442,636	159,316	2,442,636	-
		Commission	8,000,000	8,000,000	2,504,687	2,504,687
		Total	10,442,636	8,159,316	4,947,323	2,504,687
2	Relative of Key Managerial Personnel Mr. G.N. Kalyani (Director)	Commission	160,000	160,000	150,000	150,000
		Siting fees	28,000	-	29,000	-
		Total	188,000	160,000	179,000	150,000

15. The Company has sent balance confirmation letters to Sundry Debtors, Creditors and Other Parties and the balances are under reconciliation in those cases where confirmations were received. Pending final reconciliation, the balances in respect of Debtors, Creditors and third parties are as per books of account only. Adjustments having an impact of revenue nature, if any, will be made in the year in which the same are confirmed/reconciled.



16

Turnover and Stock

Class of Goods	Sales	Closing Stock	Opening Stock	WIP Closing Stock
1 High Quality Close Tolerance Die Forgings 2010-11	1,415,766,491 1,337,881,595	3,742,645 3,355,711	3,355,711 -	89,166,791 87,907,115
2 Real Axle Tube Assemblies 2010-11	45,682,948 29,265,913	699,254 150,882	150,882 -	976,655 522,840
3 Finished Machine Components 2010-11	1,049,023,867 779,502,558	11,915,267 19,718,909	19,718,909 15,118,180	17,568,163 10,464,634
4 Sale - manufacturing scrap 2010-11	213,356,746 162,350,043	- -	- -	
5 Others 2010-11	1,107,495 -	- -	- -	5,332,795 1,748,055
Total 2010-11	2,724,937,547 2,309,000,109	16,357,166.00 23,225,502.00	23,225,502.00 15,118,180.00	113,044,404 100,642,644

17. Previous Year's figures have been regrouped wherever necessary to make them comparable with those of the current year.

As per our attached report of even date
For M/s P. G. BHAGWAT
Firm Registration No. 101118W
Chartered Accountants

For and on behalf of the Board of Directors

ROHINI G. KALYANI
Vice Chairperson and Managing Director

NACHIKET DEO
Partner
Membership No. 117695
Pune : 25th May, 2012

NIRNOY SUR
Company Secretary
Pune :25th May, 2012

C. H. NANIWADEKAR
Director
Pune :25th May, 2012



KALYANI FORGE LIMITED

Regd. Office: Shangrila Gardens, 'C' Wing, 1st Floor,
Opposite Bund Garden, Bund Garden Road, Pune-411 001.

PROXY

I/We, _____
of _____
being a Member/Members of KALYANI FORGE LIMITED, Pune, hereby appoint _____
_____ of _____
failing him _____
of _____ to vote for me/us
on my/our behalf, at the THIRTY THREE Annual General Meeting of the Company, to be held on
Saturday, the 21st July, 2012, at 11.00 a.m., and at any adjournment thereof.

Signed this _____ day of _____ 2012.
No. of shares held : _____ Folio No. _____
D.P.ID.** _____ Client ID** _____

Please Affix
Rs. 1
Revenue
Stamp here

**Applicable for Members holding shares
in Dematerialised Form

Signature(s) of Member(s)
across the stamp

Note : The Proxy must be deposited with the Registered Office of the Company not less than 48 hours
before the time fixed for the meeting.

KALYANI FORGE LIMITED

Regd. Office: Shangrila Gardens, 'C' Wing, 1st Floor,
Opposite Bund Garden, Bund Garden Road, Pune-411 001.

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

L.F. No. (s)

NAME OF THE SHAREHOLDER / PROXY* _____
ADDRESS _____
No. of shares held : _____ Folio No. _____
D.P.ID.** _____ Client ID** _____

I/We hereby record my / our presence at the THIRTY THREE Annual General Meeting of the Company,
being held on Saturday, the 21st July, 2012, at Poona Club Ltd., 6, Bund Garden Road,, Pune-411 001.

SIGNATURE OF THE SHAREHOLDER / PROXY* _____

*strike our whichever is not applicable;
** Applicable for Members holding shares in Dematerialised Form

here

cut

Please

